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NATIONAL INTELLIGENCE DAILY CABLE

Tuesday 22 November 1977 CG NIDC 77/271C

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NATIONAL SECURITY INFORMATION
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National Intelligence Daily Cable for Tuesday, 22 November 1977.

The NID Cable is for the purpose of informing senior US officials.

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EGYPT-LIBYA: Reaction Assessment


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 Egyptian President Sadat received a hero's welcome in Cairo yesterday, which may have been inspired in part by a feeling among Egyptians that the Israelis failed to respond to Sadat's extraordinary initiative. An initial assessment of reactions indicates that many Egyptians were deeply disappointed with Israeli Prime Minister Begin's reply to Sadat's address to the Knesset and that this disappointment has--at least for the present--reinforced domestic support for Sadat.

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 Many Egyptians had apparently expected Begin to offer some hint of territorial concessions or at least a forthright discussion of differences between the two sides. Some felt that the Israeli response was "almost insulting" and were especially disturbed by Begin's speech. Others were more reserved in their judgments, admitting that expectations may have been too high, and were prepared to adopt a wait-and-see attitude.


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 With the exception of leftist groups, most Egyptians continue to give Sadat high marks for his courage in undertaking the mission, the content of his speech, and the dignity with which he conducted himself throughout the visit. This admiration could dissipate, however, as emotion is replaced by careful examination of what Sadat has achieved or lost.

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 Sadat presumably will want a briefing on reaction before explaining his trip publicly; his first major address will be to the Peoples' Assembly this Saturday. He hinted before leaving Israel and in brief statements upon his return to Cairo that he will stress that his trip resulted in agreements in principle on the need for the security of all parties and the need to avoid war.

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[REDACTED] In a joint interview with Begin, Sadat also stressed that an early convening of a Geneva conference was still possible; he avoided questions, however, on what he had gained from his visit that would bring his Arab colleagues to the negotiating table. The official Egyptian news service, quoting a leading Cairo newspaper, reported that Vice President Mubarak will visit selected Arab and foreign capitals later this week or early next week to deliver letters from Sadat.

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[REDACTED] The Israeli press continues to express admiration for President Sadat, but the earlier euphoria has turned to disappointment. Sadat's speech is being played as tough and uncompromising on the central issues, but on balance most Israeli commentators have reserved their criticism for Prime Minister Begin's lackluster, unimaginative response.

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[REDACTED] The US Embassy in Tel Aviv notes that Begin's speech was more remarkable for what it did not say than for what it did. Out of apparent deference to Sadat, Begin avoided contentious issues. He did not, for example, refer to the West Bank as "Judea and Samaria" or repeat his standard refusal to talk with the Palestine Liberation Organization. In turn, the Israelis have noted with pleasure that Sadat omitted any reference to the PLO.

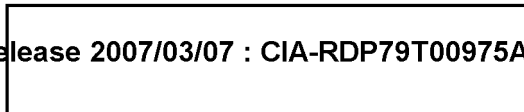
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[REDACTED] Both sides have subsequently sought to play down the importance of the speeches as largely "ceremonial" and to lay stress instead on the two leaders' joint commitment to peace and a continuing dialogue. Indeed, the most tangible development to come out of the visit would appear to be the decision of the Israelis and Egyptians to rely less on the US in the immediate future and more on direct contacts to promote their mutual interest in peace.

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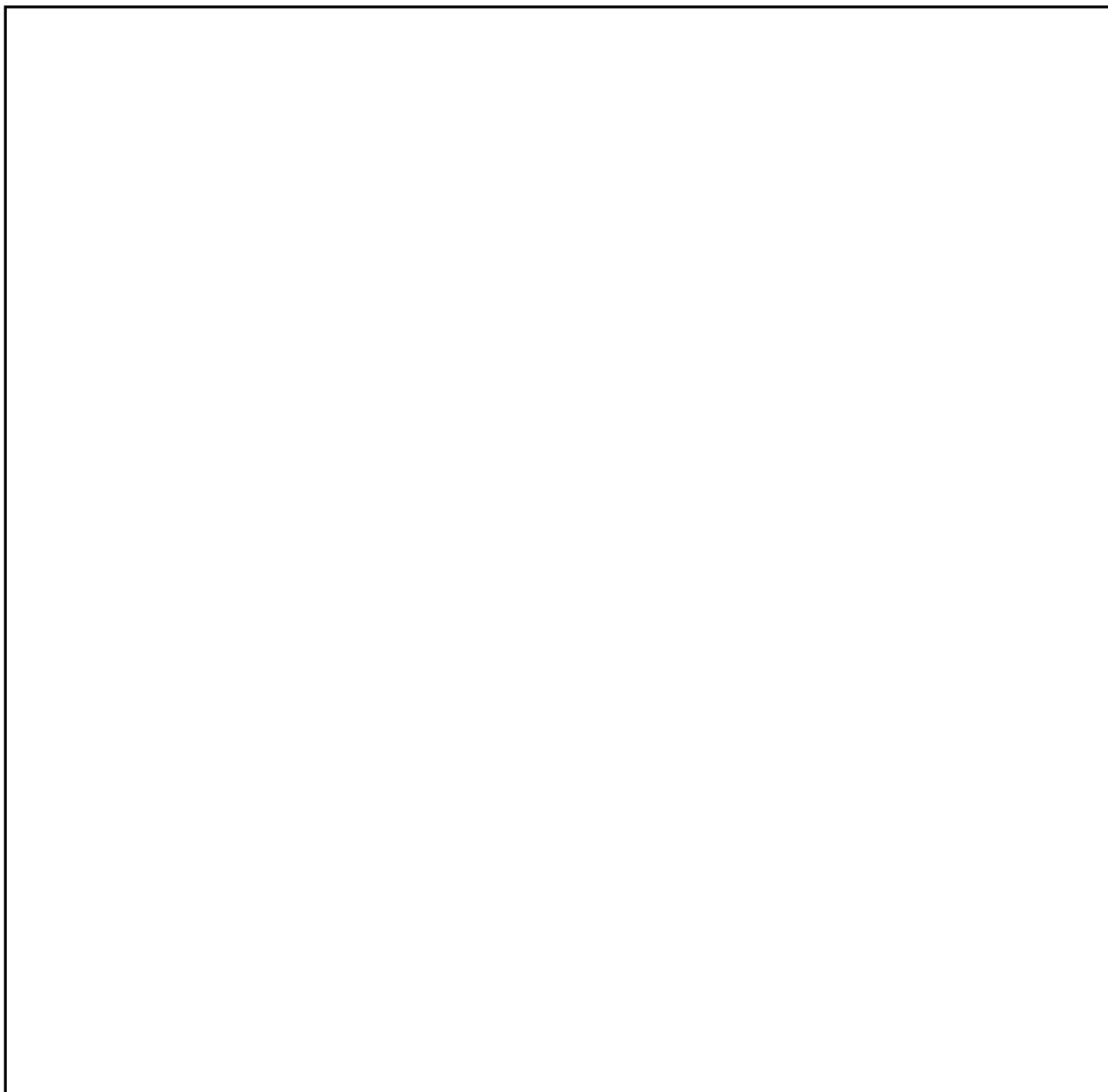
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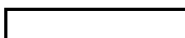
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NAMIBIA: More Settlement Talks

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 *The Western contact group that is working to devise an internationally acceptable independence program for Namibia*

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[redacted]

met with Tanzanian President Nyerere yesterday in Dar es Salaam. Nyerere expressed guarded support for the tentative program that members of the UN missions of the US, UK, France, West Germany, and Canada hope to present to the principal African backers of the South-West Africa People's Organization, to the SWAPO leadership, and to the South African Government.

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[redacted] Nyerere told the contact group that he regarded the Western settlement package as fair and that he will do what he can, along with the other frontline presidents, to nudge the SWAPO leaders toward acceptance. The Western package identifies points of agreement derived from successive talks with the South Africans and with a SWAPO delegation and also presents a formula for resolving outstanding differences.

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[redacted] As for the most critical sticking point, Nyerere indicated that he will back the Western proposal that South Africa be permitted to retain some 1,500 troops in Namibia throughout the transitional period.

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[redacted] SWAPO leaders have demanded that all South African troops be withdrawn before a preindependence election is held, while South African Prime Minister Vorster has insisted that 4,000 troops remain until an independent government is established. Nyerere, however, also implied that the South African troops must be offset by a much larger UN peacekeeping force than the 2,000 troops proposed by the contact group.

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[redacted] The contact group plans to talk over the next two weeks with the other frontline presidents in Mozambique, Angola, Zambia, and Botswana; with the SWAPO leaders; with the South Africans; and with Nigerian Head of State Obasanjo.

[redacted]

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PAKISTAN: Military Government

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[redacted] Since the Pakistani military regime indefinitely postponed elections early last month, Pakistan has continued to drift toward a prolonged period of military rule. Chief Martial Law Administrator Zia-ul-Haq continues to speak vaguely of an election, possibly next spring, but many Pakistani observers believe it could be two years or more before the installation of an elected civilian government.

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[] Disunity in the nine-party alliance that helped bring former Prime Minister Bhutto down will also tend to delay any transfer of power. Former air force commander Asghar Khan, one of the most prominent figures in the alliance, has broken with his allies, and another of the nine parties could join him. The disunity of the anti-Bhutto forces and the consequent prospect that Bhutto would do well in an election were major factors in Zia's decision to postpone the balloting, and he presumably will not risk an election as long as Bhutto appears to have a reasonable chance for victory.

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[] In the meantime, Bhutto's trial for murder continues. Zia had hoped that Bhutto's problems would lead to a split in his party, but despite rumors of an impending split, a meeting of the party's ruling body last week papered over differences and appeared to confirm that Bhutto, acting through his wife, is still in control of the party.

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[] A Supreme Court ruling that upheld the legality of martial law has removed one possible source of pressure on Zia--a confrontation between the military and the highly respected judiciary--to relinquish power. []

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NETHERLANDS: Den Uyl's Problems

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[] //Dutch Prime Minister den Uyl has headed a caretaker government since his resignation in March, and serious problems have accumulated, especially in the economic area. Caretaker cabinets in the Netherlands are customarily reluctant to make major policy decisions. In the past, lengthy bargaining over forming a new government has been viewed with equanimity by the public, but this time, there is growing criticism of the politicians, seen as endlessly jockeying over matters of prestige at a time when the country needs strong leadership.//

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[REDACTED] //Following the election on 25 May, negotiations began among the Labor Party, the Christian Democratic Appeal, and the small Democrats '66 party to form a second left-center coalition government. The talks broke down twice over proposals for a government program, once over the number of posts each party would receive in the cabinet, and finally on 4 November over the slate of ministers. A mediator has been appointed by Queen Juliana to investigate the possibilities "as quickly as possible" for forming a cabinet. Meanwhile, den Uyl is still caretaker.//

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[REDACTED] //The immediate problems are economic. Long years of Dutch prosperity have led to high social security benefits, high wages, and a hard guilder. Now the Dutch are finding themselves noncompetitive on world and even domestic markets, industry is depressed, and unemployment is rising.//

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[REDACTED] //There is general agreement even in the labor unions that real wages should be frozen and public spending cut to help industry regain its competitive position. To sweeten this pill, however, labor, business, and government had earlier agreed that there should be a series of measures, including tax and social security rebates, to boost employment and maintain purchasing power. In addition, the proposed government program would have given unions more power over management decisions. The left-center parties had also agreed to submit a controversial plan to use "excess profits" for union pensions.//

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[REDACTED] With the government now unable to put into effect this compromise between labor and management, the chances of a wage settlement by the end of the year are dim. Also postponed have been proposals to stimulate investments, decisions on the scope of the social security system, and a precise budget. The lack of a budget has left defense planning in limbo. Although a defense budget was submitted to Parliament, it was described as tentative and subject to change when a government is formed.

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[REDACTED] Another area awaiting a new government's decisions is that of nuclear policy. The subject is controversial in the Netherlands, and the caretaker government has so far refused to make a decision on whether or not to expand the Dutch - West German - British URENCO uranium enrichment plant at Almelo to support the West German - Brazilian nuclear agreement. [REDACTED]

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INTERNATIONAL: East-South Tensions

25X1 *At a recent meeting sponsored by the UN Conference on Trade and Development on the subject of trade opportunities between developing countries and Eastern Europe, the developing countries levied demands on the Communist states for changes in the international economic order. In past talks, developing countries have made these demands solely on the industrialized West. This trend is likely to increase as a growing number of UNCTAD meetings concentrate on "East-South" issues and as some developing countries become increasingly willing to attack the East Europeans directly for their inadequate attention to the problems of developing countries.*

25X1 The developing countries have become increasingly vocal in citing their dissatisfaction with receiving only rhetorical support from members of the Soviet-dominated Council for Mutual Economic Assistance. The meeting held last month in Geneva to review a CEMA program for increasing imports from developing countries was one of the first where developing countries' demands were focused on the USSR and its East European allies.

25X1 The meeting was characterized by the same kind of confrontation tactics that the developing countries once reserved for the industrial countries of the West. The developing countries sought commitments on increased bilateral and multilateral trade flows; the CEMA countries responded in generalities.

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25X1 The USSR has long asserted officially that the lack of development in the Third World is a product of colonialism and exploitation by multinational corporations and that, consequently, the USSR is not responsible for correcting past injustices. This view has been rejected by almost every developing country.

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[] Resorting to tactical schemes to avoid a discussion, the USSR and its East European allies sought to rewrite each of the paragraphs of the final conference paper and to delete those portions of the resolution that would have given guidance on this issue to the UNCTAD secretariat. The developing countries rejected this course, putting their own unilateral declaration on the record and harshly criticizing the Polish delegate for inadequately reflecting their points of view in his record of the meeting.

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[] The representatives from Jamaica and Guyana led the attack. Both of these countries are radicals on North-South issues and have generally good relations with the Communist countries. Their leadership in criticizing the Communists at the meeting last month suggests that the Group of 77 may come to make increasing demands on the Communist countries.

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[] At the commodity fund talks under way this month in Geneva, the Soviets have already been accused by the developing states of proposing a financial arrangement "with no money in it."

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[] The next round of East-South confrontation may come at the end of this month when an UNCTAD meeting on a multilateral system of payments between Eastern Europe and developing countries is scheduled. []

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BRIEFS

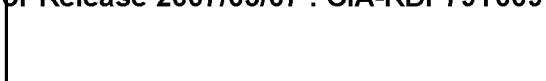
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Nigeria

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[] Nigeria's military government issued a statement last week warning aspiring civilian politicians that the government's schedule for returning the country to civilian rule in 1979

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will be strictly followed and that the ban on politics will not be lifted until after the constituent assembly--now in session--adopts a constitution establishing the conditions for organizing new political parties. The assembly has until October 1978 to complete its task.


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 The tempo of behind-the-scenes political activity has picked up in recent weeks in anticipation that the assembly will complete its work ahead of schedule. A number of embryonic political organizations have sprung up in the guise of social associations and solidarity unions. Civilians are probing the limits of political activity that the regime will tolerate, and the military is likely to find it difficult to keep the lid on such activity. 


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Ghana

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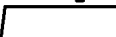
 Ghanaian Supreme Military Council Chairman Acheampong is continuing his efforts to rally local support for a proposed "union" form of civilian government with himself as its head, despite last month's unsuccessful attempt to create a pro-Acheampong political organization based largely on supporters of former President Kwame Nkrumah.

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 A new national association of chairmen of Ghana's district and local government councils was established last week by Acheampong's commissioner for local government. The commissioner left little doubt that the group should serve Acheampong as a conduit to the grass-roots, where it could push hard for popular approval of his union government proposals in a referendum scheduled for next March.

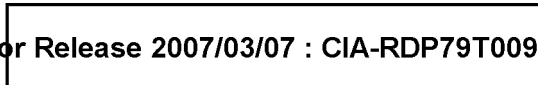
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 The US Embassy in Accra reports that a majority of the councilors are on record as supporting the proposals; many of Ghana's influential traditional chiefs also back them. 



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